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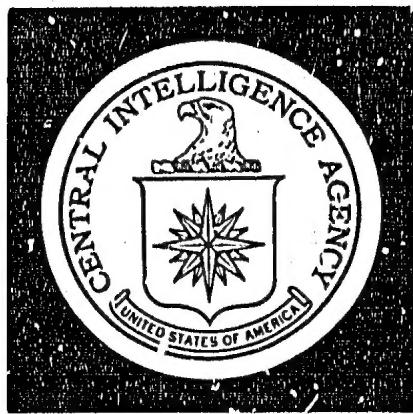
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DIRECTORATE OF
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Intelligence Memorandum

JAMAICA AND GUYANA--CARIBBEAN ALTERNATIVES?

State Dept. review completed

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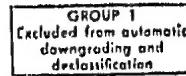
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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
23 February 1971

INTELLIGENCE MEMORANDUM

Jamaica and Guyana--Caribbean Alternatives?

Summary

The emerging nations of the English-speaking Caribbean, most of which were granted political independence during the 1960s, face mounting social and political problems. The gains of independence have not lived up to popular expectations. Wide-spread poverty, inadequate health and educational services, and high unemployment continue. Although most of the governments are now led by native sons, political frustrations are rising. The principal targets of dissatisfaction are the white expatriates and the foreign-based enterprises that still control a highly disproportionate share of the wealth.

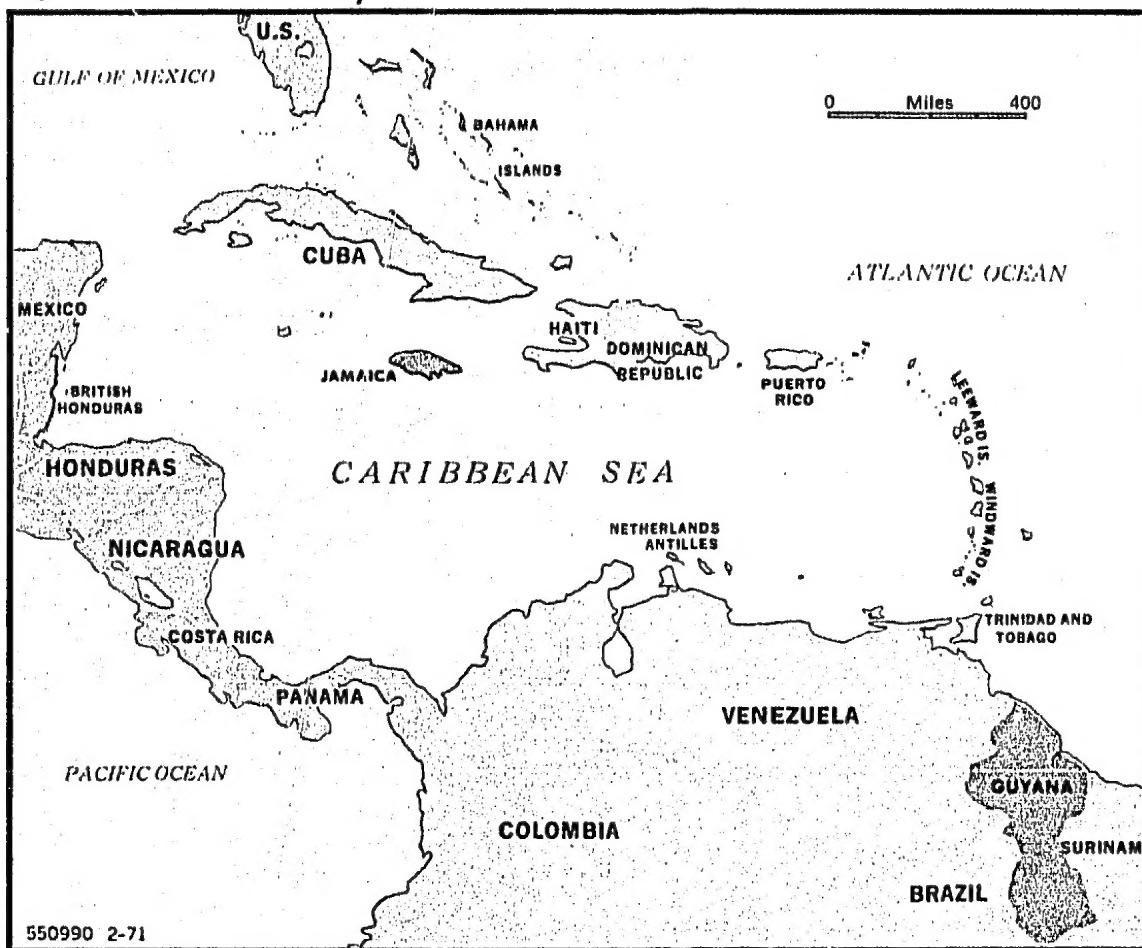
The two largest nations in the area, Jamaica and Guyana, are led by articulate, able, and energetic politicians who hope to extend their political influence and leadership to the rest of the English-speaking Caribbean. The styles of the two prime ministers are different, however, and the outcome of their competition will have a significant effect elsewhere in the English-speaking Caribbean.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

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Jamaica and Guyana



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Background

1. Until the middle of the twentieth century, leadership in the Caribbean devolved almost exclusively upon representatives of the colonial powers--primarily the British. When the colonial administrations proved ineffective in dealing with the pre-independence disorders that erupted during the 1930s, the British could find no popular leaders or representatives with whom to negotiate. They, therefore, encouraged the development of labor unions. New leaders grew out of these unions, and, ultimately, political parties formed around them.

2. With the emergence of native leaders and the growth of popular political parties, the British government found itself under increasing pressure to grant some of the colonies greater autonomy. It responded by adopting a policy of pragmatic decolonization designed to avoid the fragmentation of the region into independent units that would be too small to be viable. To promote a federalist concept--and to facilitate its own withdrawal from the area--London encouraged the development of the West Indies Federation (WIF).

3. The WIF which was formed in 1957, was doomed from its inception. There were deep differences of opinion as to its proper structure, it lacked an independent source of revenue, and there was no assignment of responsibility. Regional competition was also a major obstacle to cooperation. The members of the WIF--Jamaica, Trinidad-Tobago, Barbados, St. Kitts-Nevis-Anguilla, Antigua, Montserrat, Dominica, St. Lucia, St. Vincent, and Grenada--jealously guarded their limited authority. Guyana remained outside the organization because Cheddi Jagan, who was the premier at the time, feared that federation might upset the racial balance of his territory--the key to his party's success. Although the WIF survived for four years, its death knell was struck in 1961 when Jamaica, the largest and most populous member, withdrew. Trinidad followed a year later, and the British dissolved the WIF in 1962.

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The Political Development of Jamaica and Guyana

4. Jamaican politics changed dramatically when the colonial administration failed to deal effectively with the turbulence of the 1930s. Universal adult suffrage and limited self-government were introduced in 1944, and constitutional changes over the next 15 years gradually reduced British domination. Internal self-government was granted in July 1959, and full independence in August 1962. It was the first Western Hemisphere nation to gain independence since Panama in 1903.

5. Since 1944, Jamaica has enjoyed a stable government. Politics have been dominated by two moderate parties--the Jamaica Labor Party (JLP), and the People's National Party (PNP)--both of which are based on trade unions. Jamaica is one of the few developing nations whose multiracial society has remained relatively democratic and prosperous. It is nevertheless experiencing considerable social and economic dislocation, which is reflected in sharp income disparities, a very high rate of unemployment (23 percent), and incipient racism. Continued hardship could degenerate the latent discontent into violence or authoritarianism.

6. Guyana's political development has resembled that of Jamaica, but the large number of East Indians who immigrated following the abolition of slavery in 1838 has somewhat complicated the process because of the racial cleavage between the East Indians and the Negroes--the country's predominant racial groups--the political system is based primarily on race. The vast majority of the East Indians supported--and for the most part still support--the People's Progressive Party (PPP), which is led by Cheddi Jagan, a self-proclaimed Communist who was premier from 1957 to 1964. The Negroes have rallied behind the People's National Congress (PNC) led by Forbes Burnham. Burnham, who is a Negro, was premier of British Guiana from 1964 to 1966 and has been prime minister of Guyana since it became independent in 1966.

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7. Over the years the gap between the East Indians and Negroes has widened, but Prime Minister Burnham's efforts to reduce racial tensions have met with some success, but the racial character of Guyanese politics remains substantially unchanged. In recent years, Burnham has shifted from his moderate pro-Western stance toward more radical policies. He is pursuing a leftward movement toward nonalignment and is posing as the champion of Caribbean solidarity and an ally of the "third world."

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Shearer's Domestic Policies

13. Jamaican society is marked by overpopulation, an unemployment rate of about 23 percent, wide disparities in wealth, inadequate education, and poor housing. In the country's multiracial society there continues to be a high correlation between color and social status, and black radicalism, particularly among the young unemployed males, is growing.

14. Shearer's party has traditionally asserted itself as the champion of the disenfranchised, the unemployed, and the underpaid, and it has begun a number of programs aimed at reducing social inequities. One project, particularly close to Shearer's heart, is an effective family planning program, something he realizes could contribute greatly to the economic progress of his nation. In 1970 the World Bank granted Jamaica a US \$2 million loan that enabled the Jamaica Family Planning Association to open additional clinics and counsel new mothers in maternity hospitals--the first such grant ever made to a member nation by the bank.

15. Shearer is also trying to stem the flow of rural workers seeking employment in the urban centers. He has initiated and expanded an agricultural program designed to keep the workers on the farms and to increase their production. Many of the workers, however, object to what they regard as demeaning manual labor, considering it a vestige of slavery.

16. Shearer has sought to speed economic development by creating a favorable investment climate for local and foreign entrepreneurs. Foreign investment has played a large part in advancing the gross national product, which has been rising at an annual average rate of five percent. The development of the bauxite and tourist industries has helped alleviate unemployment, but because of the rapid population growth, more workers come on the market each year than these industries can absorb.

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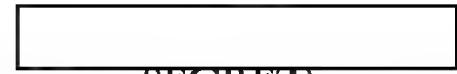
17. Another pressing and perhaps more important issue facing Shearer is black radicalism. Shearer is strongly opposed to any appearance of accommodation with black radicals. He refuses to permit foreign militants on the island, has dealt swiftly with black demonstrations, and has imposed a rigid ban on black activist and other militant literature. Shearer believes that Jamaica's vigorous two-party system and its competent security force are more than a match for the combined force of black-power advocates and other dissident elements of the population.

18. Because the viewpoints expressed on this issue by Shearer and opposition leader Michael Manley are much the same, the prime minister can gain little politically by responding to the demands of black militants. Yet he knows that he will face increasing pressure to provide employment and adequate housing. The outbreak of violence in the West Kingston slums in 1968 provided a vivid demonstration of how quickly social and economic pressures can touch off an explosion, and the lesson was not lost on Shearer. For now, however, he remains convinced that the best way to avoid similar troubles in the future is to keep his guard up and to deal firmly with potential troublemakers.

Burnham's Domestic Policies

19. Unlike Jamaica, Guyana is an underpopulated country. For years Burnham has sought to attract Negroes from other Caribbean islands to offset the rapid increases of the East Indian voting populace that supports Cheddi Jagan. The prime minister also wants to develop the interior of the nation, which is very sparsely settled.

20. Burnham has labored to bring Guyana out of the civil disorder and political instability of the preindependence years. Since 1964 he has been working to reduce the racial tensions that underlie Guyana's internal political problems.

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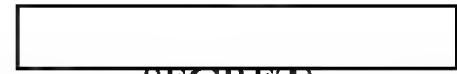
But despite his multiracial approach to the nation's development, Negroes still dominate the public service and government agencies, and deep distrust continues to exist between East Indians, who constitute 52 percent of the population, and the Negroes, who account for 44 percent. The East Indians accept Burnham only grudgingly, and present tensions could erupt into violence without warning.

21. Although many grievances of the black radical elements elsewhere in the Caribbean are not at present applicable to Guyana, Burnham recognizes the force of black militancy. He has established a close relationship with Sydney King (who has adopted the African name of Eusi Kwayana), the leader of the major black activist group in the country, and one of the strongest black power groups in the region, the African Society for Cultural Relations with Independent Africa (ASCRIA). By bringing Kwayana into the government and supporting black activist concepts, Burnham has so far managed to contain the group's activities. Publicly his position on black power is that it is not relevant to Guyana, where blacks already have political control, are actively seeking economic control, and where Burnham says he aims to "make the small man a real man."

22. At last September's nonaligned conference in Lusaka, Zambia, Burnham tried to project himself as the leader of the Caribbean and a champion of the downtrodden blacks by urging all nonaligned members to give "tangible support to African Liberation movements" and to pledge annual payments to their cause. Burnham also announced an annual Guyanese contribution of US\$25,000. Burnham was the only Western Hemisphere chief of state to attend the conference.

23. Burnham's accommodation to black power has had to be modified somewhat because of pressures from the large East Indian population. Not only do the East Indians outnumber blacks, but they also own most of the small services and businesses. In order to prevent a recurrence of violence between the races,

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Burnham is therefore faced with the difficult task of maintaining the pre-eminence of Guyanese blacks (a large majority) in a way acceptable to the East Indians.

Jamaica and Guyana: Economic Contrasts

24. Guyana is far less developed economically than is Jamaica. In an effort to catch up, Burnham is shifting his policies toward the left. The most notable example is his launching of a "Cooperative Republic," a somewhat vague scheme for a national economy based on cooperatives, economic independence, and self-reliance. He intends to make cooperatives the basic institution--if not the principal economic and ideological foundation--of the republic. Burnham believes that cooperatives will involve the ordinary citizen in the economy and give him a stake that he does not now have. He hopes this new approach will avoid the shortcomings, as he sees them, of both the Communist and capitalist systems and will provide a Guyanese way to development that will serve as a pragmatic ideological challenge to Jagan and the opposition PPP. Thus far, however, the people have gained little from the grandiose scheme, foreign investment has fallen, and a number of smaller firms have been forced out of business.

25. The economic stake of the US in Guyana is far less than that in Jamaica. Total US investment is somewhat less than US\$55 million. As in Jamaica, most foreign investment is concentrated in bauxite-alumina production, light manufacturing, and tourism. Burnham is currently negotiating with the Demerara Bauxite Company (DEMBA), a local subsidiary of the Aluminum Company of Canada, for a majority interest in its operations. He has threatened to nationalize the industry unless his terms are met.

26. Burnham reportedly intends to undertake similar negotiations with the US-owned Reynolds Bauxite Company in the near future. To date he has shown little inclination to offer the foreign owners reasonably prompt or adequate compensation for their

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interests. Although the government's final position remains somewhat uncertain, Burnham appears committed to a Guyanese takeover of the industry even if he has to resort to fully nationalize to get his way. He plans to announce the nationalization of DEMBA at the first anniversary of the founding of the Republic on 23 February.

27. Since Jamaica's independence, the Shearer administration has been seeking the "Jamaicanization" of foreign investment. The stated purpose of this policy is to increase local participation in foreign-owned companies by encouraging companies to sell some of their shares--but not necessarily a controlling interest--to Jamaicans. Shearer's objectives are to provide investment opportunities to small investors and to push into the background the image of foreign economic domination. The government has been successful in obtaining an "agreement in principle" to acquire 51 percent of the shares in a number of foreign-owned firms, including several in the banking and communications fields. Total investment in Jamaica amounts to nearly US\$900 million. Burnham has embarked on a similar venture called "Guyanization," but he wants the foreign shares to go into cooperatives for the people. In both nations this transitional phase of the program has been slowed by the people's lack of capital. Trading on the Jamaican stock market is very erratic, and it has on a number of occasions closed down completely because of the absence of trading.

28. Shearer seems willing to reach mutually agreeable terms with foreign-owned businesses. A number of Jamaican Government officials, however, including Prime Minister Shearer, recently informed the US Ambassador that if Burnham is successful in obtaining a controlling interest in the bauxite industry, domestic pressure will force Jamaica to follow suit. It is becoming increasingly clear that other nations in the region would also feel compelled to turn to nationalization, even though they may recognize that such action runs a heavy risk of bringing adverse economic consequences.

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29. Jamaican officials have indicated strongly that they believe Guyana's policies toward the bauxite industry are misguided and that nationalization can only end in catastrophe. Shearer is convinced that the surest way to discourage outside investors is to take over what is already there. Many of the same officials who spoke to the US Ambassador privately stated that they hoped Guyana is not successful in its negotiations as Jamaica is not ready to take on the bauxite industry.

Foreign Affairs

30. In foreign affairs Jamaica has maintained its pro-western orientation on most international matters and enjoys friendly relations with the United States. Shearer has continued to steer Jamaica on an independent course in international organizations, but leans at times toward the Afro-Asian bloc. He is said to be quite sensitive to racial issues and problems in the United States. His view of his country is more African and more independent than that of his predecessors. US officials believe that there is a possibility that he may adopt a more nationalistic line than heretofore seen in Jamaica.

31. In recent years Burnham has been edging closer and closer toward the embrace of nonalignment, a policy he has long claimed to follow. He places great importance on Guyana's independence and sovereignty and takes pains to avoid giving the impression that he is a puppet of the US or any other nation. He continues, however, to maintain close ties with both the US and Great Britain.

32. In 1969, Burnham established diplomatic relations with Yugoslavia and entertained a Czech trade mission; in 1970 he established non-resident diplomatic relations with the Soviet Union. In recent years he has expressed a desire for closer relations with the developing nations of Africa. He feels a strong cultural tie with Africa and admires the way the newly independent countries

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have dealt with the colonial powers. During his visit to the non-aligned nations conference in Lusaka last September, Burnham agreed to establish relations with a number of the African nations and promised that he would add others when Guyana's economy could bear the cost.

33. Jamaica has increased its diplomatic presence in the United Kingdom, and consular offices are to be opened in Toronto and Miami. Embassies are to be established in Addis Ababa and Bonn, and non-resident ambassadors have been accredited to Haiti and the Dominican Republic, bringing to 35 the total of nations with which Jamaica has diplomatic relations. Shearer is expected to extend diplomatic relations to additional African countries and several Latin American countries as soon as the economy will allow. Although there are a large number of Jamaicans living in Cuba, Shearer has no plans to establish a consulate in Cuba soon, but Cuba does retain a consulate in Kingston.

34. Jamaica has been particularly opposed to cooperation within the Commonwealth Caribbean. Shearer has privately stated: "We are not interested in Federation under various guises. We do not believe in Caribbean regionalism. We want nothing to do with those ministates." Publicly, he has been scarcely less forthright. The antipathy of Jamaica toward the rest of the Caribbean grew measurably after a debate over the location of the headquarters of the proposed Caribbean Development Bank (CDB) at the 1967 Conference of Heads of Government of the Commonwealth Caribbean. As in the dispute over the Federation of the West Indies, Jamaica contended it was being asked to contribute too much to the venture for the benefits it could earn. In 1969, however, Jamaica changed its mind, joined the CDB and agreed to its being headquartered in Bridgetown, Barbados. Moreover, the country has begun to reap the benefits of the

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Caribbean Free Trade Area (CARIFTA). Shearer may be trying to reduce Jamaica's image of "Caribbean spoiler," a term coined by Burnham at the 1967 conference. Jamaica has apparently abandoned a long-range review of its participation in the University of the West Indies, whose main campus is currently located just outside Kingston, and has agreed that the university will continue.

35. Burnham sees himself as the leader of a federation of Caribbean nations and he has scored some success in his efforts to advance Caribbean integration. Guyana was instrumental in the formation of the Caribbean Free Trade Area in 1968, and in 1969 CARIFTA established its Secretariat in Georgetown.

Outlook

36. It is clear that the social and political stresses now at work in the Caribbean are growing at an accelerated pace. The gains from independence have not lived up to popular expectations, and the question that faces most of the governments of the region is whether they should turn to something akin to the populist nationalism of Burnham or stick to the more traditionalist conservatism that has been Shearer's way in Jamaica.

37. It seems possible that Burnham will be successful in the short run in taking some of the steam out of social and economic unrest in Guyana, but there is much in his approach that is inevitably disruptive. His "solutions," in some cases hastily contrived and inadequately thought out, could in the long run produce more problems than already exist. The lack of competent administrators in Guyana is a serious handicap. Shearer, on the other hand, is convinced that it would be ruinous for Jamaica abruptly to endanger its economic and social stability, and he will most likely try to keep the lid on while he works within his country's inherited democratic system gradually to bring about needed reforms. He, too, will face the prospect, however, that popular pressures for change will present a severe challenge to the government.

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